

October 22, 2018

Ms. Brienne Aguila  
California Air Resources Board  
1001 "I" Street  
Sacramento, CA 95814

Dear Ms. Aguila:

Subject: Comments on the Proposed Amendments to the Regulation for the Mandatory Reporting of Greenhouse Gas Emissions, 45-day package (September 4, 2018)

The Los Angeles Department of Water and Power (LADWP) appreciates the opportunity to review and comment on the proposed amendments to the California Air Resources Board (CARB) Regulation for the Mandatory Reporting of Greenhouse Gas Emissions (MRR).

LADWP is a vertically-integrated publicly-owned utility serving over four million people within the City of Los Angeles and portions of the Owens Valley. LADWP's mission is to supply reliable water and electricity to meet the city's needs in an environmentally responsible and cost effective manner. LADWP plans to join the Energy Imbalance Market (EIM) in 2020, and is currently getting ready to join the market. As such, LADWP and its customers have an interest in Greenhouse Gas (GHG) emission accounting for the EIM market. Please see our comments below.

**Energy Imbalance Market, Imported Electricity [MRR section 95111(h)]**

While we appreciate accuracy, the proposed requirement for each EIM Participating Resource Scheduling Coordinator to "calculate, report, and cause to be verified, emissions and MWs associated with electricity imported as deemed delivered to California by the EIM optimization model" for every 5-minute interval during the year, would create a significant reporting and verification burden, not to mention risk of not completing verification by the August 10 verification deadline which would have adverse consequences. Also, since the EIM database is the sole source of the EIM mega-watt (MW) data, the EIM data cannot be independently verified since there is no independent documentation outside of the EIM database to corroborate the data.

Rather than the data-intensive approach described in the proposed rule amendments, LADWP recommends a much simpler approach where EIM electricity imported to California is summed on an annual basis, then multiplied by the EIM system average GHG emission rate calculated by the market operator on an annual basis. Under California's Cap-and-Trade Regulation, the annual GHG emissions compliance obligation for the EIM electricity imported into California can

be handled as a statewide total for the benefit of all California consumers, similar to how CARB has handled EIM GHG emissions for the past several years. This is the simplest approach. Alternately, if CARB wishes to allocate the GHG emissions to the EIM Purchasers, the emissions could be divided up based on relative volume of participation in the EIM market.

In summary, LADWP recommends the following approach to GHG emissions accounting for the EIM:

1. CARB should obtain EIM data directly from the EIM market operator, rather than requiring the EIM scheduling coordinators to report the data, given the impracticality of verifying EIM data.
2. The electricity imported to California through the EIM should be based on final settlement data.
3. The EIM market operator should calculate the EIM system average GHG emission rate on an annual basis, taking into account emissions from secondary dispatch and excess renewable energy exported from California. In the meantime, we understand CARB is proposing to apply the default emission factor (0.428 metric tons CO<sub>2</sub>e/MWh) that was calculated in 2010 based on marginal generating resources within the western interconnected electric grid, to EIM imports. Use of the actual EIM system average GHG emission rate would be preferable to the default emission factor which is based on 10-year-old data. Alternately, CARB could update the default emission factor.

Thank you for your consideration of these comments. If you have any questions, please contact me at (213) 367-0403, Ms. Jodean Giese at (213) 367-0409, or Ms. Cindy S. Parsons at (213) 367-0636.

Sincerely,



Mark J. Sedlacek  
Director of Environmental Affairs

CP:

c: Ms. Rajinder Sahota, ARB  
Mr. Jason Gray, ARB  
Mr. Mark Sippola, ARB  
Ms. Rachel Gold, ARB  
Mr. Syd Partridge, ARB  
Mr. Wade McCartney, ARB  
Mr. Ryan Schauland, ARB  
Ms. Jodean M. Giese  
Ms. Cindy S. Parsons